Alberta
ENERGY

Petroleum Plaza – North Tower
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06-03

GAS ROYALTY CALCULATION INFORMATION BULLETIN
March 2006

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PLEASE ENSURE YOUR PRODUCTION ACCOUNTANTS RECEIVE A COPY OF THIS DOCUMENT.

A. PRICING RATES AND TRANSPORTATION INFORMATION

For Pricing, Royalty Rates and Transportation Information for January 2006, refer to Attachments 1, 1A, 2, 2A, and 3.

B. NOTICES

Implementation of Infrastructure Processing Deadline

At an Industry/Registry Question and Answer session in the summer of 2005, industry proposed that Alberta Energy implement a processing deadline for infrastructure data to coincide with the current allocations and volumetrics deadline, normally midnight of the 15th of each month. This would mean that after the deadline, but before the gas invoice commences, no processing of additional data is performed. Any forms received after the deadline will not be processed until the following invoice month; for example RMF2 forms, changes to an exhibit A for a unit, Crown interest changes, etc.

Subsequent to the proposal the department reviewed impacts of the deadline and determined the advantages and disadvantages to both industry and Alberta Energy. This information was presented to industry in August 2005. In September 2005 industry confirmed they wanted Alberta Energy to proceed with implementing the infrastructure processing deadline. Thus, this change will take effect on June 15, 2006 calendar, which relates to the April 2006 production month.

On or before the invoice cut-off deadline (the 15th day of the month, or the next business day if the 15th falls on a non-business day), the following submissions must be received by the department to avoid a delay in processing until the following month:

- AC1 changes
- AC2/3/4/5
- Business Associate
- DGRHP
- Facility
- OAS (through a keying agent)
- OFSG
- Out of Province Facility
- PW1
- Raw Gas Allocation
- RMF1/2/3
- S1/8/18/20/21
- TC20
- Unit – Exhibit A
- Well

Please note, with the implementation of the infrastructure processing deadline, the form due dates have not changed.

If you have any questions, please contact your Gas Royalty Client Services portfolio representative as identified in Section F of this bulletin.

Inclusion of Condensate Royalty on the Crown Royalty Invoice

Effective the February 2006 billing period invoice, issued calendar month April 2006, changes to the delivery method for condensate royalty will be implemented as previously reported in the January 2006 Information Bulletin. Details of the implementation are as follows:

Calculation:

- Condensate royalty calculation will remain in accordance with the existing legislation and method of determination. This includes exemption of Deep Gas Royalty Holiday Program (DGRHP) amounts if the battery is tied to a holiday well.

  The condensate Crown royalty formula equals:

  Condensate Crown Volume
  Multiplied by
  (Pentanes Plus Reference Price – Pentanes Plus MX Transportation Allowance)
  Less
  DGRHP Exemption Amount Taken

- The condensate royalty calculation and charge will continue to have no impact to allowable costs including, allowable cost restriction, CERR, and UOCR calculation.
- The calculation of the condensate royalty is completed at the BA / Facility / Production Period / Well level, and then summed to the BA / Facility / Production Period level for the actual condensate royalty charge.
- Amendments are generated whenever condensate volumes are amended for a prior period. Condensate Royalty may also be affected by the following infrastructure changes:
  - Battery Operator change: Condensate Royalty will be reversed from the old operator and recharged to the new operator for affected production periods.
  - Well-Battery Tie change: Condensate Royalty will be reversed and recharged to the new battery and/or new operator for the affected periods.
  - Battery Transportation Region change: Condensate Royalty will be reversed and recharged using the transportation allowance of the new transportation region.
  - Well Event change: Condensate Royalty will be reversed and recharged for the effective period of the well event change.
- If the condensate charge is for a prior period, Prior Period Interest (PPI) will be calculated on the net condensate volume. A reversing entry will be created for any Condensate Royalty charge details where the condensate volume has been amended for the same well and production period if exists.

Reports:

- The condensate royalty charges will be rolled-up to the Gas Royalty invoice as a separate line item (charge type). The royalty continues to be charged to the operator of the battery or to the supra-client, if the operator was consolidated as of the current billing period. This report is still available to clients in four formats: TXT, PDF, EDI, and CSV. See Attachment 4 for a sample report (PDF format).
- Along with the changes made to the invoice the following reports have also had changes made in order to incorporate condensate royalty:
  - A new column will be added after the penalty column in the Production Year Detail report that will list the condensate royalty. This report is available to clients in two formats: TXT and PDF. See Attachment 5 for a sample report (PDF format).
  - A Condensate Royalty Statement will be produced and included with the monthly invoice – client package. The condensate royalty statement will provide a breakdown of condensate well production at each battery listing the current period royalty condensate volumes, as well as any reductions to royalty condensate volumes. This

report will be available to clients on the Petroleum Registry of Alberta (the Registry) in two formats: TXT and PDF. See Attachment 6 for a sample report (PDF format).

- For each Business Associate who receives a condensate royalty charge, a Condensate Royalty Calculation Detail report will be produced and included with the monthly invoice – client package. This report will be available to the clients on the Registry in three formats: TXT, PDF and CSV. See Attachment 7 for a sample report (PDF format).

For condensate royalty clients who currently receive their monthly invoice in paper format and do not have access to the Registry, the invoice and corresponding detail reports will still be available in paper format and be mailed as is currently done.

Statement of Account:

- As condensate royalty is now included on the Gas Royalty invoice, charges for condensate royalty will now be included on the G94 Statement of Account. With implementation of the condensate changes, condensate (PCR) accounts will no longer reflect new condensate royalty charges. The PCR account balance will not be transferred to the G94 Statement of Account and PCR balances will remain until paid in full.

Royalty Deposit:

- The monthly royalty deposit calculation process will be updated to include the condensate royalty charges in the ne. royalty that is used to determine the Royalty Deposit Adjustment for new clients.
- The annual royalty deposit adjustment calculation will also be updated to include the condensate royalty charges.

Should you have any further questions or concerns, please call Bobby Gill at (780) 422-9265 or Lu-Enn Toon at (780) 422-9082.

Changes to the Royalty Exemption Statement

In response to industry's request to make the Royalty Exemption Statement more user friendly, the department has converted this statement into CSV format so that it is available to download into an Excel spreadsheet. Effective March 2006 billing period invoice, issued in the calendar month of May 2006, the Royalty Exemption Statement will be converted to CSV format with the added enhancements:

1. Well Tie – to identify if the well is tied to a Unit or a Non-Consolidated Well Group.
2. Royalty Exemption Application Number – to provide the application number for industry's use in specific inquiries to the department
3. Royalty Exemption Status – to provide the exemption status of the eligible well. Available statuses are:
   - New – identifies the first time the well appears on the Royalty Exemption Statement.
   - Active – identifies a well that is currently receiving an exemption.
   - Complete – identifies a well that has received all exemptions under the program.

The Royalty Exemption Statement is produced and included with the monthly invoice - client package. This above enhancement will now provide the statement to the clients on the Registry in three formats: TXT, PDF and CSV. See Attachment 8 for a sample report.

For royalty exemption royalty clients who currently receive their monthly invoice in paper format and do not have access to the Registry, the invoice and corresponding detail statement will still be available in paper format and be mailed as is currently done.

No changes to the User Defined File (UDF) Handbook are required.

For further information please contact Joey Dennis at (780) 422-9260 or Lu-Enn Toon at (780) 422-9082.

C. MONTHLY INFORMATION

January 2006 Royalty Due April 30

- **Royalty clients are to remit the total amount payable shown on the April 2006 Statement of Account by April 30, 2006.** If the amount payable includes accrued current period interest, the interest has only been accrued to the statement issue date. Clients must also include the additional interest that has accrued from the statement issue date to the date of payment, using the per diem amount provided.

- **The April 2006 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your January 2006 Invoice amount and any applicable current period interest charges. It also identifies refunds resulting from overpayments.**

- Current period interest will not be charged on current invoice charges for the production month of January 2006 if it is paid in full by April 30, 2006.

- Current period interest will accrue on any overdue charges commencing the first day after the due-date until it is paid in full.

  Note: If the due date falls on a non-business day, the next business day will apply as the due date.

- Cheques are payable to the Minister of Finance, Province of Alberta.

February 2006 VA4 Due April 15

The VA4 forms for the production month of February 2006 are due in the department offices by April 15, 2006.

Note: If the due date (15th) falls on a non-business day, the next business day will apply as the due date for VA4 forms.

February 2006 Production Reporting

February 2006 production reporting is submitted through the Registry. The deadline for submission of SAF, OAF, and Volumetrics is posted in the Petroleum Registry of Alberta website "Calendar" under Bulletin Board.

Changes to this calendar will be posted on the Registry web site home page in "Broadcast Messages."

Interest Rate March 2006

Alberta Energy's interest rate for March 2006 is 6.25%.

December Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the December 2005 billing period was:

First Time Provisional Assessment	Reversals of Provisional Assessments	Net Provisional Assessment
$4,371,841.81	($28,165,884.33)	($23,794,042.52)

December Charges

The revised penalty table below shows at the form level, the total penalty charges and reversals, for the December 2005 billing period:

FORM	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2005/12
AC2	$7,200	($1,800)	$5,400
AC4	$0	$0	$0
AC5	$9,500	$0	$9,500
GR2	$0	$0	$0
NGL1	$0	$0	$0
VA2	$0	$0	$0
VA3	$0	$0	$0
VA4	$100	$0	$100
Total	**$16,800**	**($1,800)**	**$15,000**

Alberta Royalty Tax Credit Program Quarterly Rate

For the first quarter of 2006, commencing January 1, 2006, the royalty tax credit rate will be .2500. This rate is based on a royalty tax credit reference price of $697.44 per cubic metre. The Alberta Royalty Tax Credit rates for the past year were:

Fourth Quarter, 2005	.2500
Third Quarter, 2005	.2500
Second Quarter, 2005	.2500
First Quarter, 2005	.2500

If you have any questions, please contact Brett Armitage of Tax Services at (780) 644-4063.

Gas Royalty Calculation Support

Gas Royalty Calculation staff will be available monthly to meet with clients who need assistance with royalty reporting. Royalty clients requiring assistance are encouraged to call David Isaac, Manager, Client Services (780-422-9258) or e-mail david.isaac@gov.ab.ca two business days before the meeting date to arrange an appointment. The March through May schedule is as follows:

Where:

AMEC Place
Room 437, 801-6 Avenue SW
Calgary, Alberta
Phone: 403-297-8954
(Industry must go to the 3rd Floor Reception upon arrival to sign-in and be given a visitor tag)

When – 10 am to 3 pm

March 30, 2006
April 20, 2006
May 18, 2006

D. INFRASTRUCTURE DATA CHANGES

Client ID Listing

The BA Identifiers Report is a directory of Business Associate (BA) names, codes, status (e.g. struck, active, amalgamated, etc.), status effective dates, and effective August 2004, includes Working Interest Owner (WIO) role start/end dates.

This report is also published daily on the Petroleum Registry website at:

http://www.petroleumregistry.gov.ab.ca

The department reminds Business Associates to review their WIO role to ensure the start and end dates are reflected correctly. If the BA does not have an active WIO role, the operators cannot allocate volumes to the BA for the relevant production periods through the SAF/OAF allocations.

- If a BA has a WIO start date with no end date, then that BA can receive allocations from the stated start date forward.
- If a BA has a WIO start and end date, then they can only receive allocations from the stated start date until the end date. Any allocations after the end date will be rejected.
- If a BA does not have a WIO start date, then that BA cannot receive allocations at all.

Please contact Client Registry at (780) 422-1395 if you have any questions regarding the information supplied on this listing.

Projects/Blocks

If information is required on Projects or Blocks, please contact Isabelle Warwa at (780) 427-8952.

Client Status Changes

Clients must ensure that all royalty documents are completed using only valid client names and IDs. It is critical that royalty clients use current legal client names and their appropriate IDs on all documents to ensure accurate royalty calculation and to prevent provisional assessment and penalties. Rejects will occur when invalid IDs are used.

If you require information regarding client names or IDs, please contact Client Registry at (780) 422-1395.

The following is a list of struck and revived clients:

Company Name	Client ID	Struck Date
Calgary Western Investment Company Limited	0J8T	February 2, 2006
Piute Petroleums Limited	0961	February 2, 2006
Redwood Resource Development Inc.	A109	February 2, 2006
Spitzee Resources Ltd.	0DD6	February 2, 2006
Uniterre Resources Ltd.	0N4X	February 2, 2006
Company Name	**Client ID**	**Revived Date**
935063 Alberta Ltd.	0D6L	February 8, 2006
Best Pacific Resources Ltd.	0NZ8	February 3, 2006
Owens Corning Canada Inc.	599A	February 3, 2006

Nova Tolls - Multiple Gas Reference Prices

Royalty information related to the implementation of the Factor Model negotiated with industry for determining Multiple Gas Valuation Prices is provided on the Natural Gas website's Royalty Related Information page under Facility Royalty Trigger Factors and Meter Station Ties.

E. REMINDERS

2005 AC4 Form - Allowable Operating Costs

The operator of a Facility Cost Centre (FCC) that is tied to a designated facility, or is a processing type FCC tied to a non-designated facility that is a sweet or sour gas plant, is required to report annual operating costs on the AC4 submission to the department, describing the allowable operating costs of the FCC for each year. If the form is not submitted, no operating costs for that FCC will be used for the calculation of the Unit Operating Cost Rates (UOCR) for the following year.

The due date for the 2005 AC4 form is **March 31, 2006**. FCC Operators are encouraged to submit their AC4 forms before the due date so that they may have the opportunity to resubmit corrected AC4 forms should rejections occur. AC4 forms received after the due date are subject to penalty charges.

The 2005 AC4 reminder notices have been sent to the operators, via the Registry, identifying those FCCs for which an AC4 form is required. The AC4 reminder notices were loaded to the Registry on the following dates:

- February 23, 2006
- March 2, 2006
- March 9, 2006
- March 16, 2006

AC4 turnaround documents will no longer be produced as all the data on these forms will be available on the Registry once the Registry has processed the data transfer files from MRIS. AC4 rejection notices are also sent out to operators via the Registry. Starting at the beginning of March, a weekly listing of outstanding AC4 forms were published on the department website http://www.energy.gov.ab.ca/1895.asp. Please scroll to the Updates near the bottom of this page and select **Outstanding AC4s for 2005** to open the most recent listing. Please monitor closely in order to resubmit any rejections on or before the March 31, 2006 deadline.

If you have any questions, please contact Tracy Wadson, Program Support, at (780) 422-9240.

Weighted Average Aggregator Overhead Marketing and Administration Charges (OMAC)

For Gas Corporate Average Price (CAP) filers, when determining the netback value, the weighted average OMAC type charges may be deducted for sales to non-designated aggregators. Refer to Chapter III, Section 1.7.3 of the Principles and Procedures for additional information.

The Weighted Average Aggregator OMAC ($/GJ) for 2005 is $0.023. Refer to Chapter III, Sections 1.3 and 1.4 of the Principles and Procedures for additional information.

Annual Weighted Average Gas Reference Price

The Annual Weighted Average Gas Reference Price for 2005 is $7.935. This price is used in the calculation to determine the 2005 minimum price for the Gas Corporate Average Price. Refer to Chapter III, Section 1.7 of the Principles and Procedures for additional information.

Historical Pricing and Royalty Data

A listing of historical royalty related data for information purposes was published in the February 2006 Information Bulletin.

Monthly Sulphur Corporate Average Price Calculation – VA4 Form

The department requires royalty clients with an annual sulphur production of 30,000 tonnes or greater in the 2005 production year to file VA4 forms monthly, beginning with the January 2006 production month. The VA4 form is due on or before the 15th day of the second month following the respective production month. A royalty client whose annual sulphur production is less than 30,000 tonnes may choose to file the VA4 forms monthly beginning with January's production month; however, if this choice is made, the client must file VA4 forms for the entire year.

The department will use the VA4 forms to determine each client's monthly Sulphur Corporate Average Price (S-CAP) and the monthly Sulphur Default Price. We calculate each month's Sulphur Default Price as the weighted average unit value of all arms length sales for all clients who filed VA4 forms for that month. The department will value and invoice the Crown royalty share of sulphur production monthly using the respective S-CAP price for clients who file VA4 forms, and the Sulphur Default Price for clients who chose not to file VA4 forms.

The VA4 form is subject to $100 in late filing penalties for each month or part of the month the form is past due.

Royalty clients who file monthly VA4 forms must file annual VA3 forms. The VA3 form remains the primary sulphur valuation tool and the S-CAP determined from each VA3 will replace the entire year's monthly prices determined from the VA4 forms.

The VA3 is due on or before April 15th of the year following the year of production. Interest is charged/paid on the Crown royalty difference when adjusting from monthly to annual valuation. The VA3 form is subject to a one-time $1,000 late filing penalty.

The following royalty clients must submit VA4 forms effective with the 2006 production year, which includes any pricing information for each of its consolidated/amalgamated entities:

Client ID	Client Name	Client ID	Client Name
0017	Imperial Oil Resources	0JT1	Exxonmobil Canada Energy
0039	Talisman Energy Inc.	0KT5	Esprit Exploration Ltd.
0054	Suncor Energy Inc.	0N00	Primewest Energy Inc.
0060	BP Canada Energy Company	0NP2	Kick Energy Corporation
0226	Nexen Inc.	0PF8	Hunt Oil Company of Canada Inc.
0246	Petro-Canada	0R46	Husky Oil Operations Limited
0CW8	Compton Petroleum Corporation	0T03	Shell Canada Limited
0D7E	Encana Oil & Gas Partnership	0T82	Canadian Forest Oil Ltd.
0F3F	Devon Canada	0W9D	Burlington Resources Canada Partnership
0G30	Arc Resources Ltd.	A08J	Enerplus Oil & Gas Ltd.
0HE9	Canadian Natural Resources	A0L6	Fairborne Pivotal Production Partnership

Submission of Production Year 2005 Allowable Cost (AC) and Corporate Average Price Calculation (VA) Forms

Royalty clients are advised that Allowable Cost forms (AC1, AC2, AC3, AC4 and AC5) and Corporate Average Price calculation forms (VA2 and VA3) for the 2005 production year are due on the following dates:

Form	Due Date	Penalty
AC1	March 1, 2006	
AC4	March 31, 2006	$200/form/year until form received
VA2	April 15, 2006	$1000 one time
VA3	April 15, 2006	$1000 one time
AC2	April 30, 2006	$100/form/month until form received
AC3	May 15, 2006	
AC5	May 15, 2006	$100/form/month, charged when form is received

The filing method for annual allowable cost forms is now on the Registry. The business rules for filing allowable cost forms have not changed only the method of submission. Use of the Registry to submit allowable cost data is mandatory for operators and the department no longer accepts paper versions of these forms. The Registry must be used for both original submissions and/or amendments for current or previous production years for the AC2, AC3, AC4 and AC5 documents. Although use of the Registry to file AC3 and AC5 documents is mandatory for operators, it remains voluntary for non-operators. However, non-operators are strongly encouraged to use the Registry to submit and retrieve their AC3 and AC5 data.

The filing method of electronic transfer system (ETS) for the AC2 and AC4 forms was disabled on January 15, 2006 to enable the department to process those documents received prior to the cut-off date and to prepare for transition to the Registry.

The submission method and business rules for the Corporate Average Price forms (VA2 and VA3) have not changed.

Royalty clients will receive notification from the department when their annual forms have been processed. New facility cost centre set-ups which are processed within a ½ day will continue to be generated during an invoice cycle. The Corporate Average Price forms will be processed as they are received.

The department encourages timely filing to allow sufficient time to submit, correct and resubmit any rejected documents prior to the respective due date. The department also encourages non-operators or those filing Corporate Average Price forms to do so by mail or by delivering them to the Calgary Information Centre. Forms that are submitted by fax should be a font size of 10 pt or greater and must **not** be in bold. Penalties will apply if valid system acceptable forms are not received by the due date and inability to submit annual cost forms via the Registry or illegible documents, providing no department error exists, will not be reason for reversal of penalty.

Any questions regarding the submission of annual documents can be directed to Tracy Wadson at (780) 422-9240.

Department Notifications When Clients are Amalgamated/Consolidated

Clients are reminded that when an amalgamation/invoice consolidation occurs, either by way of notification in the Gazette or from the client, the output generated by the department is issued to the supra client (consolidator/amalgamator). Clients may continue to submit data under the amalgamatee/consolidatee client ID until the amalgamation established date is passed; however, any notifications are issued to the amalgamator/consolidator. For example, if a consolidated client (and they are not the parent) submits annual cost data on the Registry they will receive notification in their Registry inbox indicating that their submission was either accepted or rejected. If the submission is rejected, the client will be directed to see the rejection notice in their Ministry Invoices & Statements for further details of their rejected submission, however, since the client is consolidated/amalgamated, their output is sent to their consolidator's Ministry Invoices & Statements and must be retrieved from there. Further questions can be directed to Tracy Wadson at (780) 422-9240.

Change to User Defined File (UDF) Handbook

Effective February 2006 billing period invoice, issued in the calendar month of April 2006, a column "Response to Cascade" will be added to the Crown Royalty Details (CRD). This is an enhancement which will provide more information about volumes that are cascaded. It is designed to provide the Facility ID that filed the final allocation resulting in royalty charges.

The UDF handbook has been updated with the new CRD column. This change will require industry software changes to incorporate the "Response to Cascade" column.

Notification of this change has been sent to known software providers. As a precaution and to ensure that all software providers have been notified please forward this information as deemed necessary.

To view the UDF handbook changes, go to the Natural Gas website's Royalty Related Information page, under Crown Royalty Detail Statement (February 2006).

For further information or to coordinate testing of these changes, please contact Penny White at (780) 422-9261.

Ownership Changes for a Facility Cost Centre (FCC) - AC1

Please note that when submitting a batch file for ownership changes on an AC1, files will be rejected if they contain duplicate sections within one transaction. For example, if ownership changes are required for FCC 1234567 for the period of 2005/01 and subsequent ownership changes occur effective 2005/05, two separate files must be submitted. Sending both ownership changes in one file will cause the file to be rejected.

If you have any questions, contact Penny White at (780) 422-9261.

F. POINTS OF CONTACT

Petroleum Registry of Alberta

The Petroleum Registry of Alberta Service Desk is the focal point for communications with the Registry regarding preparations for, access to, or utilization of the Registry. To contact the Petroleum Registry of Alberta Service Desk call: 1-800-992-1144.

Alberta Energy Internet

Prices, Royalty Rates, and Transportation Information are available on the Alberta Energy Internet address: http://www.energy.gov.ab.ca, from "Our Business", navigate to "Natural Gas", "About Natural Gas", "Prices", "Alberta Natural Gas Reference Price (ARP)".

In addition, both the Gas Royalty Calculation Information Bulletins and Information Letters are also available on the Alberta Energy Internet address: http://www.energy.gov.ab.ca, from "Our Business", navigate to "Natural Gas", "Legislation, Guidelines & Policies".

Gas Royalty Client Services

The Gas Royalty Client Services is structured as a Business Associate client portfolio system, which assigns a given Business Associate to one of four Client Service teams. Listed below is the portfolio breakdown along with Client Service Team Leads and phone numbers. The portfolios are divided by company name and not by BA ID.

Example: If your company name is the "Gas Company" you would call C – G team at (780) 644-1202.

Business Associate	Phone Number and E-mail Address	Team Lead
Numbered companies, A, B & L	(780) 644-1201 GRCST1@gov.ab.ca	Mary Spearing
C – G	(780) 644-1202 GRCST2@gov.ab.ca	Todd Atwood
H – P (excluding L)	(780) 644-1203 GRCST3@gov.ab.ca	Chris Nixon
Q – Z	(780) 644-1204 GRCST4@gov.ab.ca	Kamal Rajendra

Gas Royalty Reception: (780) 427-2962
Fax: (780) 427-3334 or (780) 422-8732
Alberta Toll Free: (780) 310-0000
Hours of operation are 8:15 a.m. to 4:30 p.m.
Voice messages left after 4:30 p.m. will be answered the next business day.

In situations where a company has just amalgamated or purchased another company, the general rule is to call the team that is responsible for the "Supra" business associate, or Royalty payer.

Below are some guidelines for clients who are unsure which Client Services Team to call regarding their questions.

1. **Amalgamation/consolidation** - Call the team responsible for the "Supra" business associate (Royalty Payer).

   i.e. ABC Oil and Gas amalgamates with Zed Exploration and Zed is the amalgamator (royalty payer). When calling Client Services regarding business for ABC Oil and Gas you would call Team 4 (Q-Z) (780-644-1204) because Zed Exploration is now the Supra business associate and royalty payer. This rule would apply even if you were calling regarding business that is prior to the acquisition or amalgamation.

2. **Asset Purchase** - Call the team responsible for your company.

   i.e. 123 Gas purchases the assets of TSP Exploration, but not the company. When calling Client Services regarding business for 123 Gas you would call Team 1 (# Co., A, B, & L) (780-644-1201) because you have only purchased assets. You would not be entitled to information regarding business for TSP Exploration that is prior to the asset purchase.

3. **Consultants/service providers** - If you have a contract to provide production accounting services to a company, call the team responsible for your client's company.

   i.e. Paul Snow Consulting Services enters into a contract with Duckback Oil and Gas and Olive Oil and Gas. Paul Snow would contact Team 2 (C-G) (780-644-1202) to discuss Duckback Oil business and Team 3 (H-P excluding L) (780-644-1203) to discuss Olive Oil and Gas business. At the time the contract is signed, Paul Snow would have had each company notify the appropriate team that he was authorized to access information for their company.

Reference Prices and Valuation Allowances Calculation Information

Gas Royalty Valuation and Markets
300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone (403) 297-5514
Fax (403) 297-5400

Calgary Information Centre

300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone (403) 297-6324
Fax (403) 297-8954

Alberta Royalty Tax Credit Information

Alberta Finance, Tax and Revenue Administration
Tax Services
Telephone: (780) 427-3044
Alberta Toll Free: (780) 310-0000
Fax: (780) 427-5074
For further information, please contact Tax Services at (780) 427-9425.

Deen Khan
Director, Gas Royalty Calculation
Gas Development

Attachments

2006 GAS AND ISC PRICES

MONTH	Gas Reference Price ($/GJ)	Methane ISC Reference Price ($/GJ)	Methane ISC Par Price ($/GJ)	Ethane ISC Reference Price ($/GJ)	Propane ISC Reference Price ($/GJ)	Butanes ISC Reference Price ($/GJ)	Pentanes plus ISC Reference Price ($/GJ)
JAN	9.52	9.56	9.56	9.33	9.11	9.10	9.14
FEB							
MAR							
APR							
MAY							
JUN							
JUL							
AUG							
SEPT							
OCT							
NOV							
DEC							

Natural Gas and NGLs Select Prices for 2006	
Commodity	2006
New Methane	1.419 $/GJ
Old Methane	0.418 $/GJ
New Ethane	1.419 $/GJ
Old Ethane	0.418 $/GJ
Propane	1.419 $/GJ
Butanes	1.419 $/GJ
Pentanes plus	50.73 $/m3

Royalty Factors for Pentanes plus		
	Base	Marginal
New Pentanes	22	35
Old Pentanes	22	50

DETAIL OF THE JANUARY 2006 GAS AND ISC REFERENCE PRICES						
	Gas	Methane	C2-IC	C3-IC	C4-IC	C5-IC
Weighted Average Price of Alberta	9.927	9.983	9.592	9.345	9.340	9.363
Deductions: Intra – Alberta Transportation	0.263	0.279	0.159	0.112	0.086	0.065
Marketing Allowance	0.027	0.027	0.027	0.027	0.027	0.027
Price Before Pipeline Factor	9.637	9.677	9.406	9.206	9.227	9.271
Pipeline Fuel/Loss Factor	.990	.990	.990	.990	.990	.990
Price before Special Adjustment	9.545	9.585	9.317	9.118	9.139	9.183
Special Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
Price before 2% amendment limitation or rounding	9.545	9.585	9.317	9.118	9.139	9.183
Amendments: Carry forward (from previous RP month)	-0.003	-0.002	0.001	-0.002	-0.004	-0.003
Prior Period Amendment Adjustment (current RP month)	-0.023	-0.026	0.011	-0.010	-0.032	-0.039
Calculated RP after Amendments	9.519	9.557	9.329	9.106	9.103	9.141
JANUARY 2006 Reference Price	**9.52**	**9.56**	**9.33**	**9.11**	**9.10**	**9.14**
Difference = value carried forward to next RP month	-0.001	-0.003	-0.001	-0.004	0.003	0.001
Adjusted IATD (before Prior Period Amendments)	n/a	0.276	0.158	0.111	0.086	0.065
Prior period Amendments (IATD and Pipeline Fuel Loss)	n/a	0.000	0.000	0.000	0.000	0.000
Adjusted IATD (after Prior Period Amendments)	n/a	0.276	0.158	0.111	0.086	0.065

2005 Weighted Average Reference Price ($/GJ)
7.935

2005 Weighted Average OMAC ($/GJ)
0.023

2006
NATURAL GAS LIQUIDS PRICES

MONTH	Ethane Reference Price ($/GJ)	Ethane Par Price ($/GJ)	Propane Reference Price ($/m3)	Propane Par Price ($/GJ)	Propane Floor Price ($/m3)	Butanes Reference Price ($/m3)	Butanes Par Price ($/GJ)	Butanes Floor Price ($/m3)	Pentanes plus Reference Price ($/m3)	Pentanes plus Par Price ($/m3)	Sulphur Default Price ($ per tonne)
JAN	9.33	9.33	289.22	9.11	240.07	394.52	9.10	329.84	484.39	477.02	27.53
FEB											
MAR											
APR											
MAY											
JUN											
JUL											
AUG											
SEPT											
OCT											
NOV											
DEC											

ANNUAL SULPHUR DEFAULT PRICE				
2000	2001	2002	2003	2004
$11.03	$0.28	$6.74	$30.97	$31.98

2006
NGL TRANSPORTATION ALLOWANCE AND DEDUCTIONS

MONTH	PENTANES PLUS (a)				PROPANE AND BUTANES (b)				PENTANES PLUS, PROPANE & BUTANE (c)				FRAC. ALLOW. (per m3)
	REGION				REGION				REGION				
	1	2	3	4	1	2	3	4	1	2	3	4	
JAN	-0.90	13.92	10.05	18.08	18.72	-1.58	-33.18	-18.57	17.78	14.75	35.26	16.39	15.50
FEB													
MAR													
APR													
MAY													
JUN													
JUL													
AUG													
SEPT													
OCT													
NOV													
DEC													

(a) Pentanes Plus obtained as a specification gas product,
(b) Propane and Butanes obtained as specification products, and
(c) Pentanes Plus, Propane and Butane contained in a natural gas liquids mix.

* Current month calculated allowance is based on an estimate.

Note: For details on "Prior Period Amendment Effects", see Attachment 2A.

PRIOR PERIOD AMENDMENT EFFECTS

NGL REFERENCE PRICES	JANUARY 2006		
	Propane	*Butanes*	*Pentanes*
Price before amendments	289.223826	394.517311	484.392456
Opening Rollover (from prior business mth)	-0.004335	0.000695	0.001625
Prior Period Amendment Adj. (NGL-1)	0.000000	0.000000	0.000000
Prior Period Amendment Adj. (NGL-100)	0.000000	0.000000	0.000000
Published Reference Price	**289.22**	**394.52**	**484.39**

TRANSPORTATION ALLOWANCES	JANUARY 2006											
	Pentanes Plus				Propane and Butanes				Pentanes Plus, Propane & Butane			
AMENDMENTS	Region 1	Region 2	Region 3	Region 4	Region 1	Region 2	Region 3	Region 4	Region 1	Region 2	Region 3	Region 4
Opening Rollover (from prior business mth)	-0.001605	0.004029	0.001264	0.004109	0.001319	-0.003383	-0.000507	0.002820	0.001454	-0.004795	-0.001054	-0.003607
Prior Period Amendment Adj. (NGL1)	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Prior Period Amendment Adj. (NGL-100)	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Total Amendment Effect	-0.001605	0.004029	0.001264	0.004109	0.001319	-0.003383	-0.000507	0.002820	0.001454	-0.004795	-0.001054	-0.003607
Calculated Transp. Differential	-0.896999	13.919386	10.050439	18.073484	18.722895	-1.573269	-33.176635	-18.577381	17.779535	14.752501	35.256823	16.389067
Calculated Transp. Differential after Total Amendments	-0.898604	13.923415	10.051703	18.077593	18.724214	-1.576652	-33.177142	-18.574561	17.780989	14.747706	35.255769	16.385460
Published Transportation Allowance	**-0.90**	**13.92**	**10.05**	**18.08**	**18.72**	**-1.58**	**-33.18**	**-18.57**	**17.78**	**14.75**	**35.26**	**16.39**

*Any estimates represented by (*) are calculated as the weighted average of the other regions for the same spec product transportation allowance, since the region is zero. The weightings are based on the previous year's production.

2006
ROYALTY RATES

MONTH	METHANE-OLD (% per GJ)	METHANE-NEW (% per GJ)	ETHANE - OLD (% per GJ)	ETHANE - NEW (% per GJ)	PROPANE (% per m^3)	BUTANES (% per m^3)	PENTANES – OLD (POL) (% per m^3)	PENTANES - NEW (PNE) (% per m^3)
JAN	35.00000	30.00000	35.00000	30.00000	30.00000	30.00000	47.02226	33.61748
FEB								
MAR								
APR								
MAY								
JUN								
JUL								
AUG								
SEPT								
OCT								
NOV								
DEC								

ENERGY

INVOICE

ROYALTY PAYER INFORMATION	
CODE:	1234
NAME:	PARENT COMPANY
ADDRESS	XXXXXXXXXXXXXXXXXXXXX
	CALGARY, AB
	CAN
	X9X 9X9

REGULATORY AGENCY INFORMATION	
ISSUER:	DEPARTMENT OF ENERGY
ISSUE DATE:	2006-04-30
INVOICE DUE DATE:	2006-05-31
BILLING PERIOD:	2006-02-01
INVOICE NUMBER:	12345678901
ACCOUNT NUMBER:	G94XXXXXX

		Prior Period $	Current Period $	Total $
Charges:				
	Crown Royalty	59,000.00	250,000.00	309,000.00
	Enhanced Oil Recovery Operating Cost Adjustment	10,000.00	50,000.00	60,000.00
	Provisional Royalty Assessment	10,000.00	25,000.00	35,000.00
	Penalties		5,000.00	5,000.00
	Condensate Royalty	31,312.00	423,423.00	454,735.00
	Total Charges	110,312.00	753,423.00	863,735.00
Credits:				
	Monthly Proprietary Waiver	(15,000.00)		(15,000.00)
	Monthly Capital Cost Deduction		(15,000.00)	(15,000.00)
	Monthly Custom Processing Fee Deduction		(5,000.00)	(5,000.00)
	Injection Credits		(25,000.00)	(25,000.00)
	Total Credits	(15,000.00)	(45,000.00)	(60,000.00)
Adjustments:				
	Annual Capital Cost Adjustment	(5,000.00)		(5,000.00)
	Annual Custom Processing Fee Adjustment	(1,000.00)		(1,000.00)
	Annual Operating Cost Adjustment	(2,000.00)	(3,000.00)	(5,000.00)
	Other Financial Transactions		(1,500.00)	(1,500.00)
	Interest: Prior Period	4,949.00		4,949.00
	Total Adjustments	(3,051.00)	(4,500.00)	(7,551.00)
TOTAL:		$92,261.00	$703,923.00	$796,184.00

Terms and Conditions: The 'Prior Period Total' is now due and includes prior period interest to the invoice issue date and will continue to accrue current period interest commencing the first day after the invoice ISSUE date until payment is received. The 'Current Period Total' is due on the Invoice Due Date and will incur current period interest commencing the first day after the invoice DUE date.
The Department will charge interest on underpayments or late payments of invoiced amounts commencing the first day after the due date and continuing until the date the payment is received. Interest will be calculated at the Alberta Treasury Branch prime lending rate plus 1%. Interest will not be paid on overpayments of invoiced amounts.

Alberta
ENERGY

PRODUCTION YEAR DETAIL 2006

ROYALTY PAYER INFORMATION	
CODE:	1234
NAME:	PARENT COMPANY
ADDRESS:	XXXXXXXXXXXXXXXXXXXXXX
	CALGARY, AB
	CAN
	X9X 9X9

REGULATORY AGENCY INFORMATION	
ISSUER:	DEPARTMENT OF ENERGY
ISSUE DATE:	2006-04-30
INVOICE DUE DATE:	2006-05-31
BILLING PERIOD:	2006-02-01
INVOICE NUMBER:	12345678901
ACCOUNT NUMBER:	G94XXXXXX

Production Period	Billing Period	Invoice Number	Crown Royalty $	Operating Cost ECR Ajustment $	Crown Royalty Inventory Settlement $	Allowable Cost Restriction $	Provisional Royalty Assessment $	Penalties $	**Condensate Royalty $**	Charges Sub-Total $
2006/01	2006/01	12345678888	4,350,000.00						**3,221.32**	4,353,221.32
	2006/02	12345678901	251,423.41	50,000.00			10,000.00		**-439.26**	310,984.15
2006/01	Sub-Total		4,601,423.41	50,000.00	0.00	0.00	10,000.00	0.00	**2,782.06**	4,664,205.47
2006/02	2006/02	12345678901	456,654.55	10,000.00			25,000.00	5,000.00	**76,970.97**	573,625.52
2006/02	Sub-Total		456,654.55	10,000.00	0.00	0.00	25,000.00	5,000.00	**76,970.97**	573,625.52
2006 Annual	2006/02	12345678901								
	Sub-Total		0.00	0.00	0.00	0.00	0.00	0.00	**0.00**	0.00
2006 Total			$5,058,077.96	$60,000.00	$0.00	$0.00	$35,000.00	$5,000.00	**$79,753.03**	5,237,830.99

Alberta ENERGY

CONDENSATE ROYALTY STATEMENT

Invoice #12345678901

Issue Date: 2006-04-30
Operator: 0XXX
Name: MY COMPANY

Royalty Payer Code: 0XXX
Name: MY COMPANY
Address: 100 1 AVE SW SUITE 999
CALGARY, AB
T2P 2R9

Well	Total Prod.	Crown Percent	Crown Prod.	Vintage Percent	Density	Gross Crown Royalty Old Oil	Gross Crown Royalty New Oil	Gross Crown Royalty Total	Crown Royalty Reduction Old Oil	Crown Royalty Reduction New Oil	Crown Royalty Reduction Total	Code	Net Crown Royalty Old Oil	Net Crown Royalty New Oil	Net Crown Royalty Total
Battery: AB BT 0999999	Production Period: 2005-12														
AB WI 100010605713W500	1.1	100.0000000	1.1	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100013205613W500	15.8	100.0000000	15.8	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100043305613W500	3.0	100.0000000	3.0	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100060405713W500	3.2	100.0000000	3.2	100.00	Light	0.0	0.3	0.3	0.0	0.0	0.0		0.0	0.3	0.3
AB WI 100060505713W500	1.0	100.0000000	1.0	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100073005613W500	4.5	100.0000000	4.5	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100103105613W500	5.6	100.0000000	5.6	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100142905613W500	3.9	100.0000000	3.9	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
	38.1		38.1			0.0	0.3	0.3	0.0	0.0	0.0		0.0	0.3	0.3

Reference Number: 42341234

Alberta
ENERGY

CONDENSATE ROYALTY CALCULATION DETAIL

INVOICE #149011

Issue Date: 30-06-2005
Royalty Client: 0XXX
Name: MY COMPANY

ROYALTY PAYER CODE: 0XXX
NAME: MY COMPANY
Address: 100 1 AVE SW SUITE 910
CALGARY, AB
T2P 2R9

Battery	Well ID	Production Period	Condensate Volume M3	Reference Price	Region	Transprt Allowance	Net Condnst Price	Gross Condensate Amount $	Exemption Amount $	Net Condensate Amount $	Interest Charge $
AB BT 0001234	AB WI 100143603604W502	2005-01	-3.2	420.54	4	12.67	407.87	-1,305.18	0.00	-1,305.18	-0.26
			3.3	420.54	4	12.67	407.87	1,345.97	0.00	1,345.97	0.27
										40.79	0.01
		2005-04	4.0	450.62	4	12.67	437.95	1,751.80	1,751.80	0.00	0.00
										0.00	0.00
	AB WI 100143603605W502	2005-01	-3.2	420.54	4	12.67	407.87	-1,305.18	0.00	-1,305.18	-0.26
			3.0	420.54	4	12.67	407.87	1,223.61	0.00	1,223.61	0.24
										-81.57	-0.02
									Battery Total:	-40.79	-0.01
AB BT 0005678	AB WI 100143603804W500	2005-03	-2.2	466.81	4	12.67	454.14	-999.11	0.00	-999.11	-0.20
			2.9	466.81	4	12.67	454.14	1,317.01	0.00	1,317.01	0.26
										317.90	0.06
	AB WI 100143603605W502	2005-04	-10.2	450.62	4	12.67	437.95	-4,467.09	0.00	-4,467.09	-0.89
			11.3	450.62	4	12.67	437.95	4,948.84	0.00	4,948.84	0.99
										481.75	0.10
									Battery Total:	799.64	0.16
									Operator Total:	758.86	0.15
									Payer Total:	758.86	0.15

ROYALTY EXEMPTION STATEMENT

Invoice #:00000XXXXXX

Issue Date: 2006-05-31
Royalty Client: 0XXX
Name: MY COMPANY LIMITED

Royalty Payer Code: 0XXX
Name: MY COMPANY LIMITED
Address: 100 1 Ave SW
CALGARY AB T2P 2Z5

ROYALTY EXEMPTION INFORMATION	
Well ID	1XX XX XX XXX XX WX XX
Well Operator ID	XXXX
Well Operator Name	MY COMPANY LIMITED
Well Tie	AB-UN-XXXXX
Royalty Exemption Application Number	DXXXX
Royalty Exemption Type	Deep Gas Royalty Holiday Program
Royalty Exemption Expiration Date	1998-06-01
Royalty Exemption Status	Complete
Eligible Periods	12
Total Periods Taken	4
Total Well Eligible Exemption	3,447,840.00
Total Well Eligible Exemption Taken	3,447,840.00
Condensate Taken	0.00
Remaining Well Eligible Exemption	0.00
Remaining Periods	

Production Period	TOTAL WELL			ROYALTY CLIENT SHARE	
	Exemption Periods Taken	Gross Royalty ($)	Eligible Exemption Taken ($)	Gross Royalty ($)	Eligible Exemption Taken ($)
1996-05	1	912,712.97	912,712.97	218,933.07	218,933.07
1996-06	2	888,548.08	888,548.08	213,133.50	213,133.50
1996-07	3	898,663.22	898,663.22	215,699.12	215,699.12
1996-08	4	897,184.87	747,915.73	215,206.34	179,401.29
Sub-Total		3,597,109.14	3,447,840.00	862,972.03	827,166.98
TOTAL		3,597,109.14	3,447,840.00	862,972.03	827,166.98

******* End Of Report *******